

First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 23-0481.01 Jason Gelender x4330

HOUSE BILL 23-1090

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HOUSE SPONSORSHIP

Weissman,

SENATE SPONSORSHIP

(None),

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House Committees

Transportation, Housing & Local Government

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING A PROHIBITION ON THE PURCHASE OF DEBT ISSUED BY A  
102 METROPOLITAN DISTRICT BY ANY ENTITY WITH RESPECT TO  
103 WHICH ANY DISTRICT DIRECTOR HAS A CONFLICT OF INTEREST.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

For any proposed metropolitan district that has any property within its boundaries that is zoned or valued for assessment as residential, **section 1** of the bill prohibits a local government from approving a service plan that permits the purchase of district debt by any entity with respect to which any director of the district has a conflict of interest

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

necessitating disclosure under current law. **Section 2** prohibits a member of the board of a metropolitan district that approved the issuance of any debt while the member was serving on the board from acquiring any interest in the debt individually or on behalf of any organization or entity for which the board member is engaged as an employee, counsel, consultant, representative, or agent unless the debt is acquired indirectly through an investment fund and the member has no input into or control over the individual securities that the fund purchases.

**Section 3** states that proof of a violation of the prohibition set forth in **section 2** is proof that the violator has breached the actor's fiduciary duty and the public trust.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 32-1-203.5 as  
3 follows:

4 **32-1-203.5. Metropolitan district - residential housing -**  
5 **additional limitations on and approval of service plan.**

6 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, FOR ANY PROPOSED  
7 METROPOLITAN DISTRICT THAT HAS ANY PROPERTY WITHIN ITS  
8 BOUNDARIES THAT IS ZONED OR VALUED FOR ASSESSMENT AS  
9 RESIDENTIAL, A LOCAL GOVERNMENT SHALL NOT APPROVE A SERVICE  
10 PLAN THAT PERMITS THE PURCHASE OF DISTRICT DEBT BY ANY ENTITY  
11 WITH RESPECT TO WHICH ANY DIRECTOR OF THE DISTRICT HAS A CONFLICT  
12 OF INTEREST NECESSITATING DISCLOSURE UNDER SECTION 24-18-109.

13 **SECTION 2.** In Colorado Revised Statutes, 32-1-902, **add** (5) as  
14 follows:

15 **32-1-902. Organization of board - compensation - disclosure**  
16 **- prohibited transactions.** (5) NOTWITHSTANDING ANY OTHER  
17 PROVISION OF LAW, A MEMBER OF THE BOARD OF A METROPOLITAN  
18 DISTRICT THAT APPROVED THE ISSUANCE OF ANY DEBT WHILE THE  
19 MEMBER WAS SERVING ON THE BOARD SHALL NOT THEREAFTER ACQUIRE

1 ANY INTEREST IN THE DEBT INDIVIDUALLY OR ON BEHALF OF ANY  
2 ORGANIZATION OR ENTITY FOR WHICH THE BOARD MEMBER IS ENGAGED AS  
3 AN EMPLOYEE, COUNSEL, A CONSULTANT, A REPRESENTATIVE, OR AN  
4 AGENT. THE REQUIREMENTS OF THIS SUBSECTION (5) DO NOT APPLY TO  
5 DEBT ACQUIRED INDIRECTLY THROUGH AN INVESTMENT FUND IF THE  
6 MEMBER HAS NO INPUT INTO OR CONTROL OVER THE INDIVIDUAL  
7 SECURITIES THAT THE FUND PURCHASES.

8 **SECTION 3.** In Colorado Revised Statutes, 24-18-109, **add** (2.5)  
9 as follows:

10 **24-18-109. Rules of conduct for local government officials and**  
11 **employees.** (2.5) PROOF OF THE COMMISSION OF AN ACT PROSCRIBED BY  
12 SECTION 32-1-902 (5) BY A PREPONDERANCE OF THE EVIDENCE IS PROOF  
13 THAT THE ACTOR HAS BREACHED THE ACTOR'S FIDUCIARY DUTY AND THE  
14 PUBLIC TRUST.

15 **SECTION 4. Safety clause.** The general assembly hereby finds,  
16 determines, and declares that this act is necessary for the immediate  
17 preservation of the public peace, health, or safety.